COURSE: BADM 2201-section 14  FALL 2011

COURSE TITLE: THE INTERNATIONAL FINANCIAL ENVIRONMENT

CLASS MEETING TIME: BADM 2201-14: Monday and Wednesday: 2:20pm-3:35pm

This class meets for 7 weeks only from August 29th (Monday) – Oct 19th (Wednesday) in ROME HALL - Room #206

PROFESSOR: Dr. Scheherazade S. Rehman
Director, European Union Research Center
Professor of International Finance/Business

Office hours: Monday: 1:00pm - 2:00pm
Wednesday: 1:00pm - 2:00pm
any other time by appointment only.

Office location: International Business Dept.; Funger Hall #401E
Tel: 994-6813  Fax: 994-7422  e-mail: rehman@gwu.edu

HOMEPAGE: www.scheherazaderehman.com

USE e-mail: rehman@gwu.edu for all matters other than required electronic submissions of final reports, papers, projects, etc.

USE e-mail: prof.rehman.class.assignment@gmail.com for all FINAL class required electronic submissions of reports, papers, projects, etc.

CLASS T/A INSTRUCTOR: Ms. Anoma Kulathunga (PhD student in Economics and Finance/World Bank): Primary T/A Instructor for Prof. Rehman. Primary Instructor will deal with all administrative matters, missed class, quiz questions, group issues, and reading content review issues.

Office Hours: Monday:1:00pm - 2:00pm and Wednesday: 1:00pm - 2:00pm; and any other time by appointment only.

Office location: Funger Hall, International Business Dept, Room 401H
Tel: 994-4965 Fax: 994-7422 e-mail: anomak@gwmail.gwu.edu

USE e-mail: anomak@gwmail.gwu.edu for all matters other than required electronic submissions of final reports, papers, projects, etc.

USE e-mail: prof.rehman.class.assignment@gmail.com for all FINAL class required electronic submissions of reports, papers, projects, etc.
COURSE DESCRIPTION: To afford a foundation for all BADM students in assessing international economic, trade and financial developments as they affect corporate business activity.

LEARNING OBJECTIVES: Global Orientation - Students will be able to demonstrate an orientation to global issues by:

Learning Goal: Students will understand the complexities of the cultural, economic, political, and social environments as they impact business in a global economy.

Objective: Students will be able to:
1. Identify the challenges of operating in a global environment
2. Exhibit knowledge of the major cultural, economic, social, and legal environment faced by multinational organizations
3. Demonstrate appropriate responses to cultural differences in a global economy

MANDATORY REQUIRED READINGS:
(b) Set of Readings for The International Financial Environment (class readings package – will be uploaded to blackboard)
(c) All students will be responsible for keeping up with current developments by reading the *Financial Times and Wall Street Journal* i.e. they are mandatory.
(d) Up-to-date additional readings will be given out in class during the semester. These readings are from publications of the US Government, IMF, World Bank, OECD and magazines/newspapers such as the Economist, Financial Times, Wall Street Journal, Euromoney, etc.

RECOMMENDED READING:
- Euromoney
- The Economist.
- BIS Annual Report, (June 2011).

SOME READINGS THAT MIGHT INTEREST YOU (NOT MANDATORY FOR THIS CLASS):


**METHOD OF INSTRUCTION:**

Lecture, Discussion, Readings and Assignments. The primary instrument of instruction will be a seven 1-hour & 15 minute lecture. **BACKBOARD** will be used to inform students about class updates including assigned reading materials and lecture notes. **Please check it regularly.**

**ASSIGNMENTS:**

Readings and Country Financial Assessment Reports. All assignments will be handed-out at the beginning of the course. If you miss a class you are responsible for all materials and assignment announcements.

**METHOD OF GRADING:**

(a) Attendance = 10%
(b) Team Paper Project = 30%
(c) Quiz #1 = 15%
(d) Quiz #2 = 15%
(e) Final Exam = 30%

*Please note that all FINAL electronic submissions of reports, papers, etc must be sent to the following e-mail address: prof.rehman.class.assignment@gmail.com*
***** VERY IMPORTANT *****

1. **YOU WILL, IN ALL PROBABILITY, FAIL MY CLASS IF YOU DO NOT ATTEND CLASS.** Students are not allowed to tape the lectures without specific permission from the professor.

2. **YOU ARE RESPONSIBLE FOR ALL THE ASSIGNMENT INSTRUCTIONS THAT ARE WRITTEN IN THIS SYLLABUS AND ANNOUNCED IN CLASS.** If assignment instructions (oral and written) are not adhered to, you will receive a grade of “F” for that assignment.

3. **ALL LATE ASSIGNMENTS WILL BE DOWNGRADED HALF A GRADE FOR EACH 24 HOURS THAT PASSES THE DUE DATE.** All assignments are due at the beginning of class. They are considered late if handed in during or at the end of class. All assignments must be turned in to receive a final class grade. Not participating in mandatory exercises and not turning in all required assignments will result in a grade of “F” for the class grade.

4. **FINAL EXAM IS SCHEDULED FOR OCTOBER 19th** *[no make-up exam will be given]*

5. **CHEATING (IN-CLASS OR PLAGIARISM OF ANY SORT) WILL ABSOLUTELY NOT BE TOLERATED.** Any violation of the university student honor code will result in an automatic “F” and full prosecution under university law and could result in dismissal from the university. I am very serious about this.

6. **DISABILITY SERVICES:** Any student who feels s/he may need an accommodation based on the impact of disability should contact the Primary Instructor or the Professors privately to discuss specific needs. Please contact the Disability Support Services office to establish eligibility and to coordinate reasonable accommodation. For additional information please refer to: http://gwired.gwu.edu/dss/. **ANYONE REQUIRING THIS SERVICE MUST CONTACT AND REQUEST THIS SERVICE FROM THE PROFESSOR BEFORE SEPTEMBER 24th 5:00PM.** This request must be accompanied by the appropriate documentation.

7. **ACADEMIC INTEGRITY:** Student conduct and all work in this course must be in accordance with The George Washington University Code of Academic Integrity.
THE INTERNATIONAL FINANCIAL ENVIRONMENT

TOPICS:

Class Session #1: Introduction To The Course And Explanation Of All Assignments and Class Requirements

I. Introduction to the World Economy
   - Definitions (GDP, GNP, PPP, National Income, Productivity, Competitiveness, Comparative Advantage, S/I balance, High Value-Added, Globalization, Net International Investment Position, etc)
   - Basic World Economy Data
   - Brief Summary of Post-WWII Stages of the World Economy
   - Basic Types and Definitions of International Business Activity

II. The International Economic System
   - Types of Economic Integration
   - Productivity (and Wage Relations/Cost of Labor-Unemployment)
   - Various Models and Theories of International Trade (goods and services) and Comparative Advantage (Classical versus Dynamic):
     - Torrens, Ricardo, Mill
     - Heckscher-Ohlin
     - East Asian Growth Model
     - Porter’s Diamond
     - (Paul Krugman)
     - Development Theories (Jeffery Sachs, etc)
   - Globalization, Global Competitiveness and Strategic Alliances
   - Balance of Payments
     - Impact of Saving/Investment Balance on BOP and BOP Adjustments
     - Impact of Exchange Rates on BOP and BOP Adjustments
   - Commercial/Trade Policy, the WTO/GATT and Neoprotectionism
   - Global Corporate Governance
III. The International Financial System

- Brief History of the International Monetary/Payments Systems
- Types of Exchange Rate Regimes
- Foreign Exchange Markets and Exchange Rates (PPP, International Fisher Effect, Interest Rate Parity, Types of FX Risk and Hedging Techniques, etc.)
- International Capital Markets
- Role of Central Banks in the World Economy
- Role of Governments in Financial Markets. Classical role in open market economies (U.S. versus EU/ROW) in the global financial meltdown?
- Role of Multilateral Institutions: IMF, World Bank, BIS, and WTO in the global financial crisis.

IV. Foreign Direct Investment AND Country Risk Assessment

- Measuring the External Economic Position of an Economy
- Assessment of Economic, Financial and Political Cross-Border Risk
- Overview of Trade and Investment Patterns between Regional Blocs: NAFTA, Latin America, Pacific Basin, China, EU, CEE, and FSU
- Overview of Systemic Differences in Key-Country/Regional Blocs
- Characteristics of a Globally Strong and Influential Economy

V. International Financial Environment: Special Current Event Topics

- The Chaotic State of Global Poverty & Sustainable Economic Development
- The Eurozone Sovereign Debt Crisis
- The Japanese “lost decades?”
- Sovereign Wealth Funds: The New Boogieman?
- Regional Financial Crisis Management
  The Nature of the new type of financial crisis
  - Mexican Crisis and the Tequila Effect
  - South East Asian Financial Crisis
  - Russian Financial Crisis
  - Brazilian Financial Crisis
- Turkish Financial Crisis
- Argentinean Economic Crisis
- Brazil-Uruguay
- The American Financial Crisis of 2007+
- The Eurozone Crisis-Sovereign Debt crisis

Lessons learned so far
Managing and containing the contagion effect
Financial Risk Indexes

- The Changing Face Of the American economic and financial landscape in the aftermath of the global financial meltdown and the U.S. credit rating downgrade from AAA to AA+. The Redefinition Of “Risk” and “Debt”. Global Banks and Risk (2 big 2 fail). Ethics and Wall Street Bankers?

- Changing emerging stock & other investment market strategy. Understanding and evaluating the risk of investment in emerging markets in 2011 and beyond. Trends in the South-East Asia, Latin America, Near/Middle East emerging markets in 2011. BRIC future?

- The growth of Islamic finance & middle east financial centers. This will also involve a discussion of the Middle East economies and Oil.
IMPORTANT DATES

Aug 29th (Mon) = first day of class
Sept 21st (Wed) = Quiz # 1
Oct  5th  (Wed) = Quiz # 2
Oct 12th (Wed) = Team Project–Paper due by 5pm
Oct 19th (Wed) = Final Exam [no make-up]

Quiz # 1 : Date: Sept 21st : Chapters 1,2,3,4,& 7 of the Textbook, lecture notes and class handout readings up to and including Sept 16th.

Quiz # 2 : Date: October 5th: Chapters 9,10 &11 of the Textbook, lecture notes and class handout readings from Sept 23rd to Sept 30th.

Final Exam: Date: Oct 19th: and it is CUMULATIVE. (INCLUDES Chapter 17 and selected sections in Chapters 12, 13, 14, 15, & 16 and all lecture notes and class handout readings until and including Oct 17th). Please see special instructions for the selected pages of mandatory reading for chapters 12-17.

Chapters 5, 6 & 8 are optional and will not included in the quizzes or exam]
MANDATORY CHAPTER READING

FOR

TOPICS:
I. **Introduction to the World Economy:** Chapter 1

II. **The International Economic System:** Chapters 2, 3, 4, & 7
   - **Balance of Payments:** Chapters 9

III. **The International Financial System:** Chapters 10, & 11

IV. **Foreign Direct Investment & Country Risk Assessment:** Chapters 15, 16, & 17

V. **Special Current Event Topics For The International Financial Environment:**
   Chapter: 12, 13, & 14

NOTE: Chapters 5, 6 and 8 are OPTIONAL as are the unspecified parts of Chapters 13, 14, 15, & 16.

PLEASE NOTE: special instruction for Chapters 13, 14, 15, & 16.
Chapter 13 (read only pp. 302-305 and pp. 314-327)
Chapter 14 (read only pp. 331-338 and pp. 348-353)
Chapter 15 (read only pp. 362-364 and pp. 376-386)
Chapter 16 (read only pp. 390-398 and pp. 404-415 (not including case study “HCI in Korea”)